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C O N F I D E N T I A L TOKYO 005626

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TAGS: [PREL](#) [PINR](#) [UNSC](#) [EAID](#) [CH](#) [KN](#) [JA](#)  
SUBJECT: INR ASSISTANT SECRETARY FORT'S SEPTEMBER 25  
MEETING WITH GLOBAL ISSUES DG TSURUOKA

Classified By: Charge d'Affaires Joseph R. Donovan. Reason: 1.4 (b)(d)

1. (C) Summary: Government belt-tightening will return Japan's overseas development assistance (ODA) to its 1984 levels in the next five years, MOFA Director General for Global Issues Tsuruoka told INR A/S Fort on September 25. These cuts will eventually hinder diplomatic efforts. The cuts should not, however, affect relations with China because the two countries had already agreed to phase out ODA by the time of the 2008 Beijing Olympics. Tsuruoka insisted that Japan remains "absolutely" committed to gaining a permanent UNSC seat and blamed U.S. "inflexibility" for failure to date. On incentives for the DPRK under the Six-Party Talks, Tsuruoka pointed out that Japan had been "burnt" by its

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experience with the KEDO light-water reactor loans, and would have a hard time "selling" to Japan's politicians and public any incentives to North Korea as part of a package to resolve the nuclear issue. All parties, including the United States, should equitably share the costs of any incentive package, he stated. End Summary.

#### Information Sharing

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2. (C) INR Assistant Secretary Randall M. Fort told MOFA Director General of Global Issues Koji Tsuruoka September 25 that he looked forward to continuing close cooperation with his MOFA counterpart bureau, the Intelligence and Analysis Service (ISA). Tsuruoka commented that the relatively new ISA was client-oriented and requested user feedback -- something MOFA was not used to. He had been happily surprised by the quality of its products. IAS provides analyses different from those of the regional bureaus and was particularly strong on Northeast Asia, though it was also doing more on Central Asia and a little on South Asia, he explained.

3. (C) A/S Fort described INR's new Humanitarian Information Unit that analyzes unclassified information on humanitarian issues like Darfur, the 2004 tsunami and avian influenza -- all issues handled by Tsuruoka's bureau. The new unit is collecting all relevant open source information and making it available to the public on one website, he explained, inviting Tsuruoka's bureau to take advantage of its resources.

Shrinking Japanese ODA

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14. (C) Overseeing the decline in Japanese ODA is "the unfortunate side of what I do," Tsuruoka told A/S Fort. Recent tax cuts have forced the Japanese Government to take significant belt-tightening measures, he explained. Tsuruoka expected ODA funding to shrink by 2-4% annually for the next five years, dropping 18%. By 2011, Japan's ODA will drop to 1984 levels. This continues a trend in decreasing foreign assistance; Japan has cut ODA spending by 35% over the last nine years. (Note: Septel will report further on this issue.)

15. (C) Politicians are under pressure from the public because of the perception that ODA is wasteful, said Tsuruoka. In addition, Japan's difficulty in securing a

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permanent seat on the UN Security Council leads people to believe that the country gains nothing from its assistance efforts. Although Japan's past contributions would prevent immediate international fallout from the cuts, the fact that the budget decrease will occur in a time of economic growth will create a negative image of the Japanese abroad. The negative impact may not be felt for some time due to "inertia" or a perception lag. In another four or five years, however, people will begin to wonder why Japan continues to say "no" to ODA requests even as its economy continues to recover and grow.

16. (C) Ideally, DG Tsuruoka noted, Japan should be contributing 0.7 percent of its GNP. He expected the U.S. contribution to grow to about 0.3 percent of GNP, while Japan's will fall to roughly 0.1 percent. Moreover, the level of foreign aid has been fixed by the cabinet and will not increase even if the Japanese economy grows over the next five years. As per capita foreign aid contributions in Europe grow and approach ten times the per capita amount donated by the Japanese, Tsuruoka worried that Japan will

lose one of its most useful diplomatic tools. Mandatory contributions to the UN and PKO efforts will further dilute Japan's ability to handle unexpected developments like Darfur or the Asian Tsunami, he lamented.

China and ODA  
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17. (C) Asked by INR analyst John Merrill how reduced ODA would affect incoming Prime Minister Abe's plans to improve relations with China, Tsuruoka replied that Japan does not anticipate any significant impact on its relations with China from the decrease in ODA. Former Foreign Minister Machimura and China's FM Li Zhaoxing had already agreed to phase out loans to China by the time of the 2008 Beijing Olympics, recognizing that any country that can afford to host the Olympics does not require regular ODA. China had been happy to "graduate", Tsuruoka claimed. Consequently, the new cuts would have little additional effect. Tsuruoka said that Japan's history of financing large infrastructure projects including the new airport in Beijing would mitigate any bad publicity in China from the decline in ODA. As the projects neared completion, Tokyo had begun to emphasize environmental assistance to China as the main focus of its ODA programs.

UNSC Reform  
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18. (C) Asked by A/S Fort whether Japan still seeks a permanent seat on the UN Security Council, Tsuruoka answered, "Absolutely." Noting that he had been responsible for this issue until recently, Tsuruoka attributed Japan's difficulty in achieving this goal to U.S. "inflexibility" in working with Japan to come up with a workable package. Because the United States insisted that "only Japan" be admitted as a new permanent member, the world community did not believe that the United States was serious. Failure to win a permanent seat was another reason for public pressure to reduce ODA, he

reiterated.

North Korea

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¶9. (C) When asked about a possible Japanese contribution to an incentive package for North Korea as part of the Six-Party Talks (6PT), Tsuruoka reminded that Japan had been "burnt" by its experience providing loans for the light-water reactor under the Korean Peninsula Energy Development Organization (KEDO), and then having the project suspended. Japan had lost a lot. Consequently, it would be difficult to sell any kind of 6PT-related assistance package to Japan's politicians and public. Tsuruoka asserted that all members of the 6PT must contribute more equitably to such a package, including the United States.

¶10. (C) In addition, Japan will eventually be paying a lot to the DPRK when it normalizes relations, as agreed upon in the Pyongyang Declaration, Tsuruoka said. He described the declaration as a "well worked-out document" that is good for Japan's interests. Under the declaration, if North Korea resolved the abduction issue to Japan's satisfaction, abandoned its nuclear weapon program, and ceased its ballistic missile program, Japan would be bound to normalize ties. If that happens, Japan promised to give North Korea the same terms it gave South Korea upon normalization of ties with South Korea in 1965, the 2006 equivalent of about USD 5 billion. The United States, he noted, is concerned that such a settlement would continue to sustain the DPRK regime. If the DPRK were wise, it would use such a settlement to drive a wedge between the United States and Japan, he remarked, and wondered why North Korea hadn't taken advantage of Japan's normalization offer. It was very important, Tsuruoka stressed in conclusion, for the U.S. and Japan to continue information sharing on North Korea.

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